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harvest, Mexico.

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U.S.-Mexican Farm Trade Grows

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This week's cover:

Mexican farmers harvest potatoes. Potatoes were one of the few Mexican crops in 1974 where production increased over that of 1973. Output of other crops was sharply cut back by frost damage. See article, page 6.

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Insulated Hungary Feels Pinch of World Problems

WHILE Western economies grappled with inflation, recession, and unemployment, Hungary's controlled economy moved ahead strongly in 1974, with national incomes rising 6 percent, industrial output up 8 percent, farm production gaining 3.8 percent, and the food industry advancing by 7.5 percent.

So far, Hungarian consumers have felt few of the price increases that are straining Western budgets. Retail prices officially rose only 2 percent—held in check by Government subsidies on both imports and consumer prices. Some two-thirds of Hungary's trade is with other East European countries, which have kept their energy and raw material prices well below world market levels.

Nevertheless, some of the inflationary strains affecting Western economies began to be felt in Hungary last year, and will continue to exert pressures in 1975. Government subsidization of imports, for example, created a larger-than-planned budget deficit. Ten percent of the Government's budget was used to compensate enterprises for higher-priced imports from the West in 1974—a quadrupling of 1973's spending.

Other problems originating in the West's market economies also penetrated Hungary's economic serenity. The European Community's import ban on beef left many thousands of Hungarian cattle unmarketed and depressed hard currency earnings. Inflation and rising unemployment in the West set back the tourist industry. Visitors from the United States, the United Kingdom, France, and Italy all declined in 1974, although tourists from other Socialist countries increased by some 20 percent.

Finally, unusually heavy rains during October and November delayed harvesting and damaged a number of important crops including corn and grapes. Hungary traditionally exports both corn and wine in large quantities.

Foreign trade plays a key role in the Hungarian economy, since the country depends heavily on imported raw materials for its industry and agriculture. During the first 11 months of 1974, the value of imports from non-Communist countries—those outside the Council of Mutual Economic Aid (CEMA)—increased by 64 percent, with energy-related materials jumping by over 100 percent. As a result, Hungary's hard currency accounts were sharply drawn down and the drive to export to market economy countries intensified.

Hungarian consumers are also finding retail prices higher in 1975, with the notable exception of basic foods. Many producer prices were raised on January 1, 1975, which in turn boosted prices at the retail level. Retail prices, on the average, were raised by 3.6 percent in January, although the increase may in reality be higher.

According to the Government's plan for 1975, national income is expected to rise by 5-5.5 percent, industrial production by 6 percent, and domestic consumption by 3-3.5 percent. The 1975 plan stresses that agriculture's major task will be to assure domestic supplies. For all agricultural products, a gain of 3.8 percent is planned, with the food industry slated to increase 4.5 percent.

A planned shift in the composition of agricultural exports will help Hungary to pay for more costly raw material imports. More wheat, corn, processed meats, and poultry should move into export in 1975, but less wine and fresh fruit. Cattle and beef exports to the EC could resume, if the temporary ban is lifted.

In spite of the shortage of hard currency, Hungary must still depend on imports from the West for about 80 percent of protein meal requirements and about one-fourth of sugar needs. Under the Government's policy of upgrading diets, the livestock improvement program—which uses imported breeding animals—should continue to expand for some time to come.

As a result, the outlook for U.S. sales of breeding cattle and oilseed meals to Hungary is relatively bright for 1975.

In 1974, early estimates show that Hungary imported about $25.6-million worth of U.S. soybean oilcake and meal, $4.2-million worth of U.S. cattle hides, and $2.7 million of breeding cattle, Leading U.S. imports from Hungary were boned, cooked hams for $7.3 mil-

lion and grape wine valued at $915,000.

Weather worked against Hungarian farmers in 1974. A cold spring delayed ripening, while heavy rains during October and November made fields impassable for machinery. Crops such as sugarbeets, corn, and potatoes in many areas had to be picked by hand, with resulting losses.

Grains. Hungary produced about 11.9 million tons of grain in 1974, up about 4 percent from 1973. The bulk of the increase came from an exceptionally good wheat crop—estimated at 5 million tons. About 24,700 more acres were planted to corn in 1974 and production reached 6.2 million tons—somewhat below expectation.

The barley harvest was also affected by bad weather, but yields appeared to be average. However, in view of the reduced acreage, production was also slightly lower than in 1973.

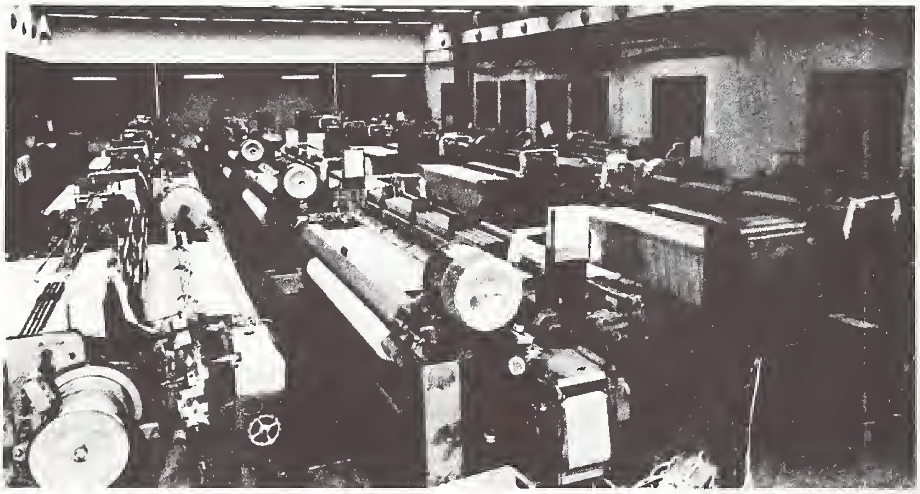
The relatively large grain crops of 1974 indicate that Hungary will again export substantial quantities of wheat and corn in 1975. Although export data for 1974 are not yet available, preliminary indications are that exports of wheat may have reached at least the level of 1973—925,000 tons.

The shortage of storage for grains is of particular concern to the export-oriented Hungarians. They recognize that the quality of wheat earmarked for export can deteriorate in emergency bins or facilities. The shortage of storage (and drying) was a particular problem during the rain-soaked corn harvest which taxed available facilities heavily.

Sugarbeets. Although harvest of sugarbeets from 242,000 acres was delayed by excessive rains and much of the crop was picked by hand, production still reached 3.5 million tons, up 25 percent over 1973. Because the beet could not fully ripen, however, the sugar content of the crop was 15 to 20 percent below the average of recent years.

Despite the large crop, Hungary will still be importing sugar, since the estimated 330,000 tons of sugar produced from the 1974 crop will not cover domestic needs of around 480,000 tons. Because of high sugar prices in world markets and the drive for self-sufficiency, sugarbeet acreage will be increased 25 percent in 1975.

Oilseeds. Hungary produces less than 20 percent of its oilseed meal requirements, which in 1974 amounted to some 400,000 tons. Sunflowerseed is the



Greenhouse cultivation of green peppers in Hungary, top, was not affected by the heavy harvesttime rains that reduced output of other vegetable crops in 1974. Cotton textile mill, above produces largely for the domestic market, but uses imported raw materials. Despite a large sugarbeet harvest, left, Hungary will still need to import sugar this season, although a 25 percent acreage gain is forecast for 1975.

most important among the oilseed crops. In 1974, sunflowerseed area increased at least 10 percent, but heavy rains during the harvest destroyed nearly 40 percent of the crop and production reached only 100,000 tons, against 152,000 tons in 1973. Exports of sunflowerseed were up about 17 percent over those of 1973 to 29,000 tons.

The rapeseed harvested from 124,000 acres was also damaged and did not match last year's level. Flaxseed production was again around 17,000 tons. Soybean production is still in an experimental stage, but scientists are making some progress in finding the strain best suited to the Hungarian climate. In 1974, 34,600 acres were planted to soybeans, yielding some 20,000 tons, and area reportedly will be doubled in 1975.

Tobacco. About 75 percent of Hungary's tobacco requirements are met from domestic production. Although 35,000 acres were planted in 1974, weather destroyed some 1,500 acres and yields in general were lower than in 1973. Thus, Hungary produced only an estimated 18,000 tons of tobacco in 1974, about 10 percent less than in 1973. Imports in 1974 came to 7,000 tons, chiefly from Bulgaria. Twenty-three billion cigarettes were produced, somewhat more than in 1973.

Potatoes. Hungary again harvested a relatively small area—about 267,000 acres—of potatoes in 1974. Although heavy rains hampered the harvest, yield turned out to be average. A crop of around 1.2 million tons of potatoes was collected, which will not cover Hungary's domestic needs.

Livestock and livestock products. Livestock and meat output has been expanding in recent years. Cattle, pigs, and dairy products all scored gains during 1974. Production of red meat on a dead weight basis increased 20 percent, while production in the livestock sector as a whole increased around 9 percent.

Cattle numbers on farms continued to advance in 1974, and in June stood at 2,035,000 head, up 2 percent from 1973. There were 788,000 milk cows, 25,000 more than in 1973.

Hungary's cattle program was reoriented to emphasize meat production rather than milk. Production of cattle for slaughter has been growing, primarily to serve export demand in Western Europe. By June 1974, almost 20,000 head of cattle were readied monthly for export, when the Common Market—beset by surpluses—imposed an import embargo on beef. Government purchases of slaughter cattle fell from 327,000 tons to 306,000, or 6 percent, during 1974, while exports dropped 25 percent from 120,000 tons to 90,000. At an annual rate, the Common Market embargo amounts to a potential loss of $154 million to the Hungarian economy.

The number of pigs on farms in June 1974 stood at 9,368,000, up from 7,655,000 in 1973. Almost 1.5 million more pigs were marketed for slaughter in 1974, an increase of nearly 30 percent over 1973. Tonnage was up from 545,000 to 709,000, of which 22,000 tons were shipped to export markets in 1974.

Estimated milk production during 1974 advanced 5 percent, with milk sales to commercial outlets up 6 percent. Butter production declined 10 percent to about 20,000 tons, of which 4,000 tons went into export, leaving less butter for domestic use than a year before. Cheese production has declined also, about 7 percent, to 26,000 tons, with 7,000 tons moving into export.

Due largely to good demand abroad and Government policies to keep feeding costs down by import subsidies, poultry production in 1974 increased 4.5 percent, and market production rose 16 percent from 107,000 to 123,000 tons. Of the total produced, 88,000 tons moved into export markets, up 29 percent over 1973. Egg production was up 3.5 percent, and exports rose 42 percent over 1973's.

Fruits and vegetables. Output was reduced by rain during harvest. No estimates are yet available of the damage but, in anticipation of short supplies, prices have increased by about 3 percent. With the exception of apples, the estimated 1.5 million tons of fruit produced in 1974 did not fully meet domestic requirements. A traditional exporter of apples, Hungary found it difficult to match 1973 export volume of 373,000 tons. Although vegetable marketings in 1974 were up about 7 percent, fruit marketings were down about 6 percent in constant prices.

The grape crop, gathered from 494,000 acres, was particularly hard hit by heavy rains during the late growing season. The lack of sunshine prevented ripening of the crop in many parts of Hungary and a large part of the crop rotted away. Over 20 percent of the grape crop was lost. Further, the sugar content of the 1974 must was also about 2 degrees lower than the must of 1973. This loss meant that Hungary produced only 4.1 million hectoliters of wine from the 1974 grape crop, compared with 6.2 million from the 1973 crop.

As a traditional exporter, Hungary will have to reduce wine exports substantially in 1975. Preliminary data for 1974 indicate that Hungary exported 1.6 million hectoliters of wine, up 11 percent over 1973. Anticipating the reduced supply for 1975, the Government has already increased prices for wine by 20 percent.

—Based on report from
U.S. Agricultural Attaché
Vienna

HUNGARY'S FOOD PRODUCTION GAINS SLOW

Hungary's outturns of food, which have been expanding at a significant rate in the past 2-3 years, are projected to increase by 4.5 percent in calendar 1975—somewhat less than the 1974 growth rate.

Per capita consumption of meat, which reached 152 pounds in 1974, is expected to rise by 2 pounds in 1975. Dairy product consumption is projected to rise by about 18 pounds to 276 pounds. Per capita vegetable consumption is expected to increase by 6.6 pounds to about 200 pounds and fruit consumption by 7.7 pounds to 177 pounds.

Sugar consumption is expected to rise by about 2.2 pounds per capita, but no increase is expected in potato consumption, which was about 155 pounds in 1974. Per capita consumption of fats in 1974 was 62 pounds, while that of cereals was 280 pounds, and declines are expected in both during 1975.

Government meat purchases in 1975 are projected to rise by 4 percent to about 453,000 tons. Poultry purchases stand at 110,000 tons, following a 3 percent rise. After a temporary recess, cigarette consumption is projected to increase in 1975 beyond the 23 billion pieces produced in 1974, and beer production is to expand by 5.3 million gallons to about 160 million gallons.

New Zealand Livestock Producers Face Some Difficult Decisions

NEW ZEALAND'S livestock economy, faced with rising costs and falling prices, is in a sorry state. The burst that followed the boom market of 1972 is now forcing livestock farmers to choose between reducing animal numbers, containing costs, or calling on the Government for assistance.

Beef cattle numbers have increased 34.5 percent since January 31, 1969, and the increase from January 1973 to January 1974 alone was 7.1 percent. A lower level of slaughter in 1974, because of low world beef prices, will cause a further buildup in 1975.

The increase in cattle numbers comes at a time when the beef export market is at its lowest point since 1969, causing hardships for the beef industry. The principal problem is the virtual closing of major world beef markets, leaving New Zealand with only one major beef market—the United States.

Sheep numbers fell from a high of 60.8 million in 1972 to 55.8 million in 1974—a decline of 8.2 percent. High mutton prices in 1973 along with severe drought caused a substantial reduction in ewe numbers.

Current prices for mutton do not return the farmer sufficient money to pay for increased transportation and processing costs. Lamb prices in January were only 55 percent of prices received in January 1974. And wool prices are about 52 percent of 1974 levels—even with the massive support of the Wool Marketing Corporation.

The New Zealand Government, noting the sharp fall in export receipts and climbing imports, has instituted major economic measures to relieve the hard-pressed livestock industry. An assistance program valued at about US$67.5 million is available to the sheep industry. About US$20.2 million of this amount is for support of wool prices and about US$47.2 million is to subsidize lamb production.

In addition, more subsidies will be available for fertilizer application to shore up the ailing aerial and surface top-dressing industries that have been seriously affected by cutbacks in farmer fertilizer applications. Most agricultural service industries have been adversely affected by the drop in farmer spending, and rural communities are suffering a severe recession as a result.

No measures have been taken to prop up beef cattle prices in the Government aid program. It is believed that the New Zealand Meat Producers Board guaranteed schedules for beef in the 1975-76 marketing year will instill confidence in the industry, but at a cost of about US$121.5 million.

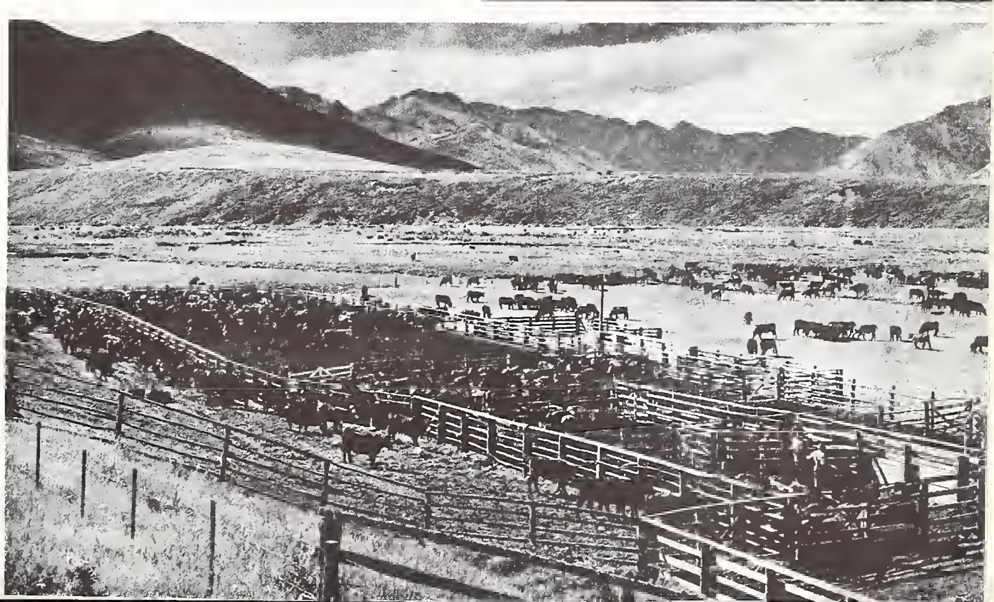
Because of rising processing and transportation costs in the face of declining values of meat and wool, New Zealand's livestock producers are receiving less of the consumer dollar. Just where the upward spiral in costs and the downward movement of prices will end is a major worry to the economy. It is probable that monetary help will be offered to farmers by the Government—but with strings attached, such as compulsory income stabilization of the cattle and sheep industries.

The drop in dairy cattle numbers may be reversed within the next few years, since the dairy cattle industry at present is the only healthy sector of the New Zealand farm economy. The switch back to dairying will be very gradual, however, since social considerations will limit rapid expansion.

The most pressing issue between New Zealand and the United States in 1975 is the meat import problem. New Zealand cattle herds are at record highs, but no major world markets except the United States are open to New Zealand's beef and veal exports. Eventually, New Zealand cattle must come to mar-

Continued on page 12

Meat cold-storage plant workers (below) make final inspection of beef carcasses at Westfield facility, Auckland. Part of the Cat Creek holding paddock and yards (bottom). New Zealand's livestock producers are receiving smaller shares of the consumer dollar—while their costs rise.



Frost Thwarts Mexico's Efforts To Boost Crop Output in 1974

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MEXICO's pressing need for feedgrain imports, sparked by poor crops in 1972 and again in 1974, shifted two-way Mexican-U.S. trade slightly in favor of the United States in 1974. Led by feedgrain imports, Mexico's imports of U.S. farm products reached a record-breaking $882.6 million in 1974—more than double the 1973 value and nearly 5 times the 1972 level. U.S. takings of Mexican farm products, on the other hand, edged up to only $766.5 million in 1974, not far above the $743.4 million of 1973.

During 1974, adverse weather again put the brakes on strenuous Government efforts to expand farm production. Output is estimated to have increased only slightly, if at all, over the 1973 level. The major culprit in the poor performance was a killing frost that blanketed much of Mexico's corn producing area in mid-September 1974. The livestock sector improved slightly, but was not able to offset the drop in crop output, so that total food production declined.

A strong majority of Mexico's trade consists of two-way exchanges with the neighboring United States. Of total Mexican imports of about 6.3 billion last year—some 50 percent higher than 1973's value—the United States furnished 76 percent.

Farm products usually account for less than 10 percent of Mexico's total imports. About 40 percent are considered capital goods, with industrial machinery predominating. Energy imports—natural gas, gasoline, and petroleum—account for about 7 percent, as do chemical products.

The crop shortfalls of 1974, however, made it necessary for Mexico to import large quantities of U.S. feedgrains at the same time that world prices were rising. At a result, the value of imports of U.S. corn zoomed 146 percent to $194.1 million, whereas volume rose 67 percent to 1.3 million tons. Imports of U.S. sorghum jumped from 18,000 tons in 1973 to 451,000 tons in 1974, and barley imports followed suit.

Mexican imports of U.S. wheat last year also continued to trend upward. Volume reached 701,000 tons, valued at $181.5 million. In an attempt to meet domestic food needs, Mexico also imported 51,000 tons of U.S. pinto and black beans worth $31 million.

Imports ot U.S. animal feeds nearly doubled, reaching $23.3 million in 1974, partly because of the poor pasture conditions in northern Mexico during 1973 and the first half of 1974.

Purchases of U.S. cattle rose from 31,000 head in 1973 to 63,000 valued at $27.4 million in 1974. Most breeding cattle imported were dairy animals needed to expand dairy production.

To meet increasing domestic requirements, imports of U.S. animal fats and oils were again up sharply in 1974 to $35.8 million; oilseeds rose to $88.3 million; and vegetable oil imports increased to $56.6 million.

The United States is also Mexico's main market, taking over three-fourths of all exports. The European Community, Latin American Free Trade Association, Japan and Central American Common Market are other important markets, as well as suppliers. Despite Mexican efforts to diversify, the United States will remain as the No. 1 market in the foreseeable future.

HIGHER prices for Mexican farm exports to the United States in 1974 were unable to offset volume declines in several important items—with the notable exception of sugar and molasses. Sugar exports to the United States declined about 7 percent in volume, but more than doubled in value to $229.2 million. Molasses volume fell by about 7 percent but value increased to $37.2 million—9 percent above that of 1973.

Mexico's live animal shipments to the United States in 1974 dropped 36 percent from 1973's to total 434,000 head, while value fell more than 50 percent to $67.8 million. Meat exports declined about 60 percent, both in volume and value.

Coffee exports moving northward were worth $111.1 million, 13 percent below 1973's, but volume dropped nearly 21 percent. Strawberries increased slightly to $34.4 million, while tomatoes declined nearly 45 percent to $64 million while volume dropped 21 percent. Banana exports were up to $422,000, however, as both volume and price increased.

Sales of Mexican cotton—which competes with U.S. cotton in such markets as Japan—totaled some 50,000 tons during first-half 1974, about 21 percent below those of a year earlier.

This year's agricultural outlook is still quite uncertain. In view of problems that have beset the farm sector during the past few years, the Government has focused still more attention on agriculture. The budget for agriculture, for example, is a record $4.8 billion—a tremendous 80 percent over 1974's.

Primary attention will be centered on boosting output of such crops as corn, wheat, beans, rice, meat, milk, eggs, and other basic foods. At present, however, grain supplies are at very low levels owing to frost-damaged crops, so that heavy imports of basic grains—much from the United States—are expected to continue for most of 1975.

Even so, viewed against a rather

Mexico's livestock industries, such as the sheep, far left, and turkeys, center, are big users of U.S. feedgrains. Mexico's imports of U.S. corn jumped to $194.1 million in 1974, as Mexico was forced to purchase on a rising market to meet food and feed needs because of its own crop shortfalls. The 9.5-million-ton corn crop, left, expected last September, turned out to be only 7.7 million tons after frost damage was assessed.

gloomy world economic outlook, Mexico's future seems relatively bright. Mexico may have problems financing its current account in 1975, but because of petroleum resources and other recently discovered mineral deposits, economic growth rates could be maintained at 5-7 percent over the next few years.

Economic activity in 1974 slowed somewhat from the 7.6 percent pace of 1973 to an estimated 6 percent. Major factors in the slowdown were the Government's attempts to reduce the rate of inflation, a decline in the rate of private investment, and the general economic slowdown in the United States—Mexico's major export market.

Import demand remained high, however, with 1974 showing a 54 percent increase in the value of imports over those of 1973. Imports of consumer goods, particularly food items, jumped sharply—nearly doubling the 1973 level. The trade balance registered a $3 billion deficit as exports rose only 36 percent for the year.

Growing demand, fueled by higher wages and rising import prices, continued to pressure domestic prices upward during 1974. The general index of consumer prices was up 24 percent from January through November. Construction slowed in 1974 as a result of material shortages. The Government and service sectors experienced good gains. while the petroleum sector recorded the most dynamic growth.

One factor underlying Government emphasis on food production is Mexico's fast-rising population—growing at an annual rate of 3.4 percent. Population peaked at 57.3 million in 1974. Some 40 percent of Mexicans are employed in agriculture, which adds about 10 percent a year to the country's GNP.

Higher support prices for most basic food crops in 1974 encouraged an expansion in planted area, which was then largely offset by the adverse weather. Fertilizer use was also encouraged by reducing the farmers' price to approximately one-third of world prices.

In response to guaranteed wheat prices of $2.61 per bushel, farmers increased plantings by 10 percent to harvest 2.2 million tons. In an attempt to encourage corn plantings, guaranteed prices were increased in early 1974 to $2.64 per bushel—raised later in the year to $3.05. Unfortunately, the 9.5-million-ton corn corp expected in September turned out to be only 7.7 million tons after frost damage was assessed.

The devastating frost also reduced the important bean harvest. Sorghum production, however, was higher as yields increased over those of last year.

A decline in area and lower yields caused soybean production to plunge 25 percent, owing mainly to higher cotton prices and anticipated shortages of irrigation water for the wheat and soybean crops. But cottonseed production was up 25-30 percent—offsetting the drop in soybeans—so that total oilseed production moved ahead by about 6 percent over 1973's.

Mexico's cotton output last year was an estimated 422,000 tons—up about 32 percent from 1973's. There was no floor price for the 1974-75 crop, so that Mexican prices have generally followed world prices. Very little, if any, forward contracting was done by farmers. Prices fell steadily after harvesting began and a large part of the crop remains unsold.

A slight increase in sugarcane area and moderate improvement in the extraction rate spearheaded an estimated rise in raw sugar production to 2.9 million tons in 1974. Coffee production also gained in 1974, but production of tomatoes and strawberries turned down.

In contrast to the generally poor crop showing, the lifestock sector in 1974 showed some improvement over the previous year. The drought that scorched pastures in the northwest finally broke in late June and July.

But cattle exports declined sharply in response to Government efforts to insure domestic supplies and because of poor market conditions in the United States late in the year. Both beef and pork production increased slightly from the 1973 level. Milk production was higher, but still insufficient to meet domestic demand.

Syria's Growing Cotton Usage May Cut Amount Exported

By LYLE J. SABRANEK
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THE SYRIAN Government's long-term plans call for a sizable increase in irrigated acreage to boost total cotton production, but the outlook is that a significant portion of this land will likely not be available for sowing for another 3-5 years or more. Even then, output from this acreage will first go to satisfy the country's growing domestic demand—which has outpaced production increases in recent years—and only later be used to bring a turnaround in the country's export downtrend.

For the foreseeable future, U.S. cotton producers will benefit from this situation as U.S. medium-staple cotton will probably be subject to less competition on world markets from Syrian cotton.

Syria's raw cotton exports will, of course, continue to play an important role as an earner of foreign exchange, but a growing industrial base and concomitant expansion of domestic textile markets have placed emphasis on development of the cloth manufacturing sector, especially in view of the country's textile trade deficit.

Although Syria's domestic textile production in calendar 1972 was 29 percent higher than the 1965 level and 12 percent greater than that of 1969—a volume that significantly reduced the pressure for greater textile imports—output still lagged behind demand.

Total value of all imports rose by almost 50 percent between 1969 and 1972, but textile imports made up a declining share of the total and increased only some 28 percent during the period. The value of textile exports, on the other hand, nearly doubled during this period and represented an increasing share of the total. Textile exports were valued at some US$30 million in calendar 1972, about 11 percent of total export earnings, while textile imports were around $48 million, 10 percent of total import expenditures, for a net textile deficit of $18 million.

Syria's long-term domestic cotton-production boost hinges on completion some time after 1975 of irrigation systems associated with Lake Assad, now forming behind the Tabqa Dam on the Euphrates River. However, increased irrigation is just one aspect of the country's agricultural development program. Getting short-term emphasis are greater mechanization and heavier use of fertilizers. But given the current world fertilizer situation, characterized by tight supplies and high prices, Syria's limited application rates of last season are likely to persist until its own fertilizer production is increased.

An estimated 1.6 million acres will be opened to irrigation by the Euphrates project, more than double present irrigable acreage, which today accounts for only 10 percent of Syria's cultivated areas. Although completion of the network of projects could take up to 20 years, a significant portion of the newly watered lands will likely be used to offset the anticipated further rise in domestic requirements, which reportedly could increase from the present level by another 100,000 bales (480 lb net) in the next 2 or 3 years.

Syria has ample supplies of phosphate rock, of which an increasing volume is being exported. It is unlikely, however, that domestic phosphate fertilizer output can be increased sufficiently to alleviate the country's shortage before 1977.

ONE CURRENT limitation appears to be the lack of facilities for converting sulfur to sulfuric acid for use in the manufacture of phosphate fertilizers. It is also reported that Syria's single fertilizer manufacturing plant at Homs is operating considerably under capacity due in part to design and equipment deficiencies. At the present time, the plant can supply only a part of Syria's nitrogen fertilizer requirements.

In consequence, until domestic fertilizer output expands enough to meet domestic needs, the Syrian Government, through the Foreign Trade Organization for Chemicals and Foodstuffs (TAFCO), will have to rely heavily on fertilizer imports to meet minimum requirements. TAFCO will probably continue to obtain fertilizers by tender, as it has in the past.

In the meantime, planning for the expansion of Syria's textile industry is moving forward. The 5-year plan (1971-75) includes financing of two cotton yarn mills at Dayr az-Zawr and Idlib, with a combined weaving capacity totaling roughly 50,000 bales annually. The plan also calls for expansion of spinning and weaving capacity at Hamah in the western part of Syria and the establishment of a 75,000-spindle textile mill near the Mediterranean port of Latakia. A similar factory may also be erected just north of Damascus, the capital. Already orders have been placed with a British firm for the Latakia plant. Financing for the projects will reportedly be undertaken by the United Arab Emirates.

In addition to the recent assistance from other Mideast countries, Syria has negotiated economic assistance agreements with the Soviet Union, the People's Republic of China (PRC), Bulgaria, Romania, and Czechoslovakia.

Some older, inefficient cotton gins have been closed, and others equipped with high-capacity U.S. saw ginning equipment under Syria's cotton-industry modernization program. This has enabled Syrian ginners to keep pace with cotton production gains so far, but greater saw capacity will be needed as cotton output further increases. Currently about 80 percent of Syria's seed cotton is saw ginned.

Also as part of the drive to upgrade Syria's textile industry, the Union of Spinning and Weaving Industries is studying potential markets for a number of new products. The Union is trying to determine whether to expand existing textile facilities or establish new ones possibly to process or manufacture cotton, wool, and nylon, as well as to produce cloth, carpets, and ready-to-wear clothing.

Syria's cotton production was no significant until around 1950 when i more than doubled from the previou year's level to around 160,000 bales During this decade, cotton productio more than tripled, increasing by anothe 300,000 bales to an average of 825,00 bales annually between 1960 and 197

Production has since fluctuated in a range from 600,000-750,000 bales annually. Although it varies considerably from season to season, the percentage of cotton grown on nonirrigated land has dropped from roughly 23 percent in 1965-66 to around 12 percent in 1971-72, and to less than 3 percent last season (August 1973-July 1974).

Based on area licensed for cotton production, Syria irrigated about 86 percent of the 520,000 acres devoted to cotton in 1974-75. This percentage is off from that of the 1973-74 season because the impounded water of Lake Assad behind the Tabqa Dam is flooding land that had earlier been irrigated. Also an additional 62,000 acres of nonirrigated land were brought into production this season.

The reduction in irrigated cotton in 1973-74 was further exacerbated by unfavorable seed cotton prices at planting time that induced some farmers to use watered lands for vegetable crops rather than for cotton. Total cotton area has increased by 5 percent this season, but production is expected to drop by some 50,000 bales to around 670,000, as nonirrigated lint yields average only about 100 pounds per acre, compared with 700 pounds or more for irrigated cotton.

Cotton acreage in 1974-75 is over 30 percent less than its high-water mark of nearly 750,000 acres in 1962-63; however, commensurate drops in production have been mitigated by progressively improved yields that climbed from an average of 470 pounds per acre in 1962 to nearly 700 pounds per acre in 1973-74. This dramatic increase is attributable to a relative increased utilization of fertilizers and pesticides in combination with more extensive use of two new wilt-resistant cotton varieties—Aleppo 1 and Aleppo 4—developed by the Syrian Cotton Bureau in Aleppo. Use of Aleppo 1 has increased from 10 percent of total acreage in 1971-72 to 97 percent in 1973-74, with Aleppo 4 accounting for most of the remainder.

But the high-yielding Aleppo varieties perform well only with ample supplies of fertilizer and water. Adequate fertilization is particularly important on irrigated cotton acreage as this land is used intensively, often on a cotton/wheat rotation.

But recent upsurges in world fertilizer prices, which have meant reduced supplies for Syrian cotton producers, are also contributing to current reduced production prospects for 1974-75.

The Cotton Bureau's recommended application rates for nitrogen fertilizer approach 180 pounds per acre (N-nutrient basis, but individual purchases were restricted to a maximum of around 70 pounds per acre because of limited Government supplies.

The Syrian Government controls all aspects of the cotton industry. Cotton farmers must obtain a license to purchase inputs, and to obtain production loans from the Agricultural Cooperative Bank. The Syrian Cotton Marketing Organization (CMO) conducts domestic marketing and export operations, also setting seed cotton prices and paying farmers on an f.o.b. basis 15 days after delivery. To equalize the farm-gate price, transportation subsidies are provided to farmers shipping from certain distant producing zones.

Official producer seed cotton prices for the 1974-75 crop have been set at 14.4 U.S. cents per pound, f.o.b. gin, compared with 10.9 cents last season and 10.1 cents in 1972-73. The 1974-75 price represents a 44 percent increase over that maintained during the

From top: Syrian farm workers picking trash from cotton before it is sent to the gin; a cotton field in Syria, one of the few places in the world where cotton is sown broadcast; row irrigation of cotton using pumped underground water. Syria plans to increase its irrigated cotton area by using water impounded by the Tabqa Dam on the Euphrates River.

1968-71 period and denotes a substantial effort by the Government to stimulate cotton production.

The CMO also completes all contracting arrangements with overseas buyers once export availabilities are known. CMO marketing efforts have met with substantial success in recent years because of the high regard cotton customers have for Syria's highly standardized growths. Uniformity of Syrian cotton for export is maintained by careful grade and staple classing, and warehousing by classification before carefully segregated ginning. Poorer quality growths are not eligible for export.

Cotton exports continue to be the single most important item in Syria's foreign trade balance, accounting for an average of almost 38 percent of total export revenues in the years between 1969 and 1972. Export volume has declined somewhat during the period, although the value of raw cotton exports since 1969 has climbed almost 23 percent to around US$89 million, or about 33 percent of total export revenue in 1972.

Exports during the last five seasons (1969-73) have averaged around 575,000 bales, compared with some 650,000 in the early sixties, largely because of soaring consumption. Early indications are that exports could drop to under 500,000 bales in 1974-75 due to the slightly smaller crop and continued growth in domestic offtake.

The USSR, Italy, and the PRC have accounted for over half of Syria's exports in recent years with the remainder going to some 20 other countries. During the 1973-74 season, the USSR—Syria's major customer—took 24 percent of total exports of 565,000 bales, followed closely by the PRC with almost 23 percent. Italy and Czechoslovakia took 14 and 9 percent, respectively. Non-Communist nations purchased less than 33 percent of Syria's 1973-74 cotton exports.

Syria's domestic cotton utilization nearly doubled in the sixties, averaging roughly 80,000 bales in the early years of the period, but reaching a record high of 175,000 bales following the pace-setting cotton crop of 1972-73. Last season's consumption declined somewhat in response to lower availabilities, however, but in 1974-75 it could again approach the 1972-73 record.

Japanese Sugar Deal Spurs Growth of Australian Industry

By HARLAN J. DIRKS
U.S. Agricultural Attaché
Canberra

With the largest long-term sugar contract ever just signed with Japan, and a bullish world market outlook, the stage appears set for Australia to boost sugarcane production and expand mill crushing capacity. The Japanese agreement has been approved officially by both Governments, and is reported to be worth A$1.215 billion, and involve 3 million metric tons of sugar for delivery over the next 5 years.

The sugarcane areas cannot be expanded for the 1975 crop; however, all of the major mills have already announced plans to expand crushing capacity in time for the larger sugar crop that is now anticipated for 1976.

Signing of the Japanese agreement puts at least 1.21 million metric tons of Australian sugar under secure export contracts for 1975. Since the price specified in the contract is less than half the recent peak world market price, it is still much higher than the low price levels of the mid-1960's.

While the Japanese agreement does not represent an improvement over current sales (annual exports to Japan have averaged about 600,000 metric tons in recent years), it does give the industry the stability it has been seeking following phasing out of the Commonwealth Sugar Agreement with the United Kingdom.

Industry leaders also point out that a long-term agreement with Japan was needed to head off Brazil's threat to their best market. Brazil has been encouraging Japanese investment, while Australia has had a "somewhat standoffish" attitude toward foreign investment. Brazil's sugar exports to Japan are still small, but growing. Australia has been maneuvering to take advantage of its proximity to the Japanese market for some time.

Signing of the Japanese agreement by the trade coincided with the announcement by several large sugar mills of plans for modernization and expansion. C.S.R., Ltd., has announced an A$43 million expansion program for its mills in Queensland and New South Wales. The expansion is to be completed in time for the scheduled increase in the 1976 sugarcane crop. Funds were partially provided by a 7-year U.S. dollar Eurocurrency loan.

At the same time, two other large sugar mills announced plans for expansion. Pioneer Sugar Mills announced an A$40 million expansion program for its three mills at Inkerman, Pioneer, and Plane Creek. Bundaberg Sugar, Ltd., announced the closing of one mill and plans for substantial expansion of two others via the installation of new equipment. Firm officials stated that the mills would be able to crush all the cane available under the rezoning plans for 1975.

The Australian Cane Growers Council, in cooperation with the Queensland Sugar Board, has decided to expand Australian sugar production by 10 percent to meet growing world demand.

The Australian sugar industry probably will earn about US$1.2 billion on its 1974 sugar harvest, compared with the previous record in 1972 of $451.5 million. The value of sugar exports in fiscal 1975 is estimated at US$924.8 million, compared with $303.5 million the year before. The Australian sugar harvest for 1974, from about 639,000 acres, was a record. Further increases in cane output are scheduled for 1977 and 1978.

Australian sugar exports have shown a generally rising trend over the past several years and now account for about 75 percent of production. Should production increase to 3.3 million metric tons in 1976, the amount available for export will be up significantly, as home consumption has remained relatively stable at about 750,000 metric tons.

In addition to the huge Japanese contract, the Republic of Korea has agreed to take at least 1 million metric tons over the 5-year period, 1975-79. According to a revision in an existing contract, Malaysia will take at least 1.65 million metric tons during the years

from 1975-80. Singapore also has revised its contract, and will take about 500,000 metric tons during the same 6 years.

Also starting in 1975, New Zealand will cover a large part of its import requirements with the expected renewal of its agreement with Australia. While only in principle at this time, Australia has agreed to supply about 300,000 metric tons of sugar to the People's Republic of China during 1975-79. Fulfillment of this latter contract would commit a large proportion of Australia's export supply for some years to come. While these contracts place most of Australia's 1975 sugar crop for export under long-term commitments, sufficient sugar (850,000-1 million tons) still remains uncommitted to take advantage of favorable free world-market prices.

The remaining two big markets are Canada and the United States. Canada is expected to be a market for about 350,000 metric tons of sugar annually. The Canadian Government has renewed its existing tariff preference margin for Australian sugar through June 30, 1976. This tariff preference is equal to Can$25.98 per long ton, or enough to give Australia a strong advantage.

THE AUSTRALIAN SUGAR industry views the United States as a growth market, particularly now that the rigid country quota system has been replaced by a liberal global quota system that virtually makes the United States an open market. In the past, the U.S. quota system guaranteed the Australian sugar industry a market for about 200,000 metric tons. Now, with improved market access, Australia would like to build the U.S. market up to about 300,000-400,000 metric tons or more in the future.

Other markets where Australia is looking for sales are the USSR and the Middle East countries. The most promising oil-rich country is Iran. The Iranian Government has expressed an interest in a long-term agreement for Australian sugar. Australia also hopes to make sales to the European Community and other European markets depending on the availability of exportable sugar supplies.

Domestic utilization of sugar in Australia has been rising slowly at an annual rate of about 2.2 percent in recent years. For calendar 1975, consumption is expected to increase to about 790,000 tons.

Top, planting cane on a farm in the Innisfail district in north Queensland, Australia. Above, mechanical harvesting of cane. Right, bulk sugar being pushed into hoppers enroute to ship at a bulk facility in north Queensland. Below, an aerial view of the bulk sugar loading facility at Mourilyan Harbor. There are six such bulk loading terminals along Queensland's east coast.

New Zealand Livestock

Continued from page 5

ket, and restricted access to the U.S. market will cause extreme pressure on the livestock sector.

The swine industry, although plagued by higher grain prices, seems to be holding its own. Higher prices for pork in the domestic market will keep production at essentially static levels. Increases in consumption will have to be supplemented by imports of frozen pork from Canada and Australia.

New Zealand is expected to continue diversifying its markets during 1975 and with greater sales of mutton and lamb to Mideast markets and less reliance on the British market.

The opposite trend will be in effect on New Zealand's exports of beef and veal with greater percentage going to North America. The New Zealand Meat Producers Board has restricted dissemination of information regarding stocks of meat to strengthen its trading position on large surpluses of stocks.

The upward trend in beef cattle numbers is expected to soften somewhat because of low returns and limited world beef markets. A big increase in bobby calf slaughter in July, August, and September 1975 will reduce numbers available for beef slaughter in 1976, since many of these calves would have been held for dairy beef.

Beef cattle numbers continue to expand, but some tapering off may be expected in 1976. Heavy slaughter of bobby veal came not only from light dairy calves but from beef and dairy crosses as well. This will mean less dairy beef for slaughter in 1976 than was envisioned a year ago. Bobby calf slaughter in 1974 was up 25.4 percent, steer and heifer slaughter up 5.6 percent, but cow slaughter was off sharply by 16.9 percent.

In the season that began October 1, 1974, bobby veal slaughter is up 35,000 head, or 47.3 percent over the preceding year. Heifer slaughter is over 50 percent greater than in the preceeding year, while steer slaughter is 63.6 percent more than in 1973. Cow slaughter is up by 1.4 percent.

Once the slaughter of heavier cattle is over, numbers probably will decrease and most beef cattle producers are expected to wait for the Meat Board's guaranteed October 1975 schedules, expected to be 26 New Zealand cents per kilo greater than present schedules. Pasture conditions are good to excellent in most areas, so holding of lighter weight cattle presents no problem. The drought cycle appears to have ended.

Slaughter weights in the first half of the 1975 season will be up, because more heavy steers will be coming to market. These animals ordinarily would have been slaughtered in 1974.

Bobby veal will average heavier than last year, because many of these calves are dairy-beef crosses and in previous years would have been fed as dairy beef. Usually bobby veal calves are less desirable Jersey animals that would be uneconomical to raise to beef weights, but the kill this year is comprised of more beef-type calves.

Lamb and mutton slaughter were down in 1974, compared with 1973. The drought of 1972-73 and early 1974 took a heavy toll of ewes and lambs. Government officials earlier had predicted more sheep on hand on June 30, 1974, but surveys show an actual decline from 56.6 million in 1973 to 55.8 million in 1974, and a further drop is anticipated in 1975.

Mutton production in the year that ended September 30, 1974, was 190,000 metric tons, and lamb production was 303,000 tons, compared with 213,300 tons of mutton in 1973 and 340,300 tons of lamb in that year.

Further reduction in sheep numbers can be expected as of June 30, 1975, because of low returns for wool, lamb, and mutton. Lamb is not selling well in the United Kingdom because of relatively lower beef prices.

Additional sales efforts are being made in the Mideast, with three trade missions traveling there in 1974 and one scheduled for this year. Recently, a contract was negotiated with Iraq for 20,000 tons of lamb. Sales of mutton and live sheep to Iran are a possibility.

It is hoped here that Japan will lower its import restrictions. The absence of this substantial market in 1974 was largely the cause for the sale of 37,000 tons of mutton to the Soviet Union at a price considerably lower than that usually paid by Japan.

The biggest problem in lamb marketing comes from high shipping costs and the increased tariff in the United Kingdom. Previously, New Zealand lamb entered the U.K. market duty-free, but this arrangement ended upon the U.K. entry into the European Community. The rate of duty on New Zealand lamb was 8 percent in 1974, and is now 12 percent. As costs continue to rise, net returns to New Zealand's lamb producers decline.

New Zealand's total meat export receipts dropped 16.8 percent in 1974 from 1973 levels as a result of lower volume and sharply lower prices. The United States became New Zealand's biggest meat customer in 1974, passing the United Kingdom for the first time because of higher beef prices and EC restrictions.

Diversification of lamb and mutton markets occurred because Japan stopped buying mutton and because returns on lamb were unsatisfactory in the United Kingdom.

There apears to be no reason why the United Kingdom should not continue in the 1975 season to be the largest market for New Zealand lamb, and the United States the largest market for New Zealand beef. Although U.S. prices are neither attractive nor even profitable at present, New Zealand plainly has no other large market for manufacturing beef.

Even if the EC and Japan reopen their doors to a significant degree, it will be difficult to market 250 million pounds of manufacturing beef. Much forequarter meat from steers and heifers is now going into manufacturing beef, as there is no other ready outlet for these cuts at any price.

—Based on report from
Harold T. Sanden
U.S. Agricultural Attaché, Wellington

Three Food Projects Aided by World Bank

The World Bank and its affiliate, the International Development Association, are lending $85 million for development of agricultural projects in three member countries.

In Bangladesh, a credit of $27 million will help finance an irrigation project that is expected to help increase rice production from 143,000 tons a year to 202,000.

India receives a credit of $34 million for a project designed to increase foodgrain production, farm income, and rural employment in West Bengal.

Panama receives a $24 million loan for a fishing port at Punta Vacamonte.

GRAINS, FEEDS, PULSES, AND SEEDS

Japan Lowers Its 1974-75 U.S. Feedgrain Import Needs

Japan now expects to import only 5.26 million tons of U.S. corn during the current October-September U.S. corn marketing season—almost 21 percent below earlier projections of 6.7 million tons. The decline is attributed primarily to an expected decrease of at least 1 million tons in total corn imports. Sorghum imports also are well below previous expectations. According to the Japanese, a sharp drop in the feed manufacturing volume for January-March 1975—apparently about 25 percent—was due primarily to excessive inventories and not to a decline in the consumption of livestock end-products.

A substantial recovery in feed manufacturing is expected in the second half of the 1974-75 season, and some gain in feed usage is expected for 1975-76. Japan's imports of corn and sorghum for 1973-74 and 1974-75 (October-September basis in million metric tons) are:

	Corn		Sorghum	
	Total	from U.S.	Total	from U.S.
1973-74	8.00	6.48	4.49	3.01
1974-75 (estimated)	7.38	5.26	4.17	2.67

Intervention "B" Set For EC Wheat

The European Community Commission has authorized intervention agencies of Member States to store non-Durum wheat totaling 1.185 million metric tons under intervention "B." This type of intervention does not require intervention agencies to purchase such wheat, so the only cost to the Community is the storage subsidy.

According to the terms of this intervention "B" operation, intervention agencies will pay a daily storage premium of 0.035 units of account per ton (about 4 cents per bushel per month) for the wheat stored during April 15, 1975-February 29, 1976.

Colombian Flour Millers Seek Lower Wheat Prices

The National Federation of Millers in Colombia has petitioned the Government of Colombia to lower the price of wheat by \$13.56 per metric ton to \$254.25. According to the millers, the price of wheat sold to the millers by the Colombian Government's Agricultural Marketing Agency (IDEMA) rose from \$94.92 to \$267.81 per ton after the wheat subsidy was eliminated in October 1974.

Though in recent months the world market price for wheat has been declining, this has not been reflected in lower prices to the millers.

Rotterdam Grain Prices and Levies

Current offer prices for imported grain at Rotterdam, the Netherlands, compared with a week earlier and a year ago:

Item	April 29	Change from previous week	A year ago
	Dol. per bu.	*Cents per bu.*	*Dol. per bu.*
Wheat:			
Canadian No. 1 CWRS-13.5	5.30	0	5.90
USSR SKS-14	(1)	(1)	(1)
French Milling [2]	3.51	(1)	(1)
U.S. No. 2 Dark Northern Spring:			
14 percent	4.65	−15	4.87
U.S. No. 2 Hard Winter:			
13.5 percent	4.30	−2	4.91
No. 3 Hard Amber Durum	6.80	−22	7.01
Argentine	(1)	(1)	(1)
U.S. No. 2 Soft Red Winter	(1)	(1)	(1)
Feedgrains:			
U.S. No. 3 Yellow corn	3.20	+5	3.30
French Maize [2]	3.16	−2	(1)
Argentine Plate corn	3.91	+6	3.61
U.S. No. 2 sorghum	3.19	+9	3.14
Argentine-Granifero sorghum	3.18	+10	3.12
U.S. No. 3 Feed barley	2.56	−3	2.62
Soybeans:			
U.S. No. 2 Yellow	6.25	−6	6.40
EC import levies:			
Wheat	1.48	+14	0
Corn	.82	+17	0
Sorghum	.91	−15	.04

[1] Not quoted. [2] Basis c.i.f. west coast, England.
NOTE: Price basis 30- to 60-day delivery.

DAIRY AND POULTRY

New Zealand Dairy Production Above Last Year's Level

New Zealand's 1974-75 milk production is above that of the previous year. Output recovered during the latter part of the flush season and spurted ahead of the level of drought year 1973-74.

Total milkfat processed during June 1974-February 1975 increased over 2 percent above the same period a year earlier. Butter production for this period is up almost 6 percent but cheese production still lags behind that of the previous season by about 20 percent.

Indications for the 1975-76 production year are very optimistic because of a bumper crop of corn and more-than-adequate stocks of hay to carry the dairy cattle through the winter. If average weather conditions prevail in the spring months, (September-November 1975), milk production is likely to equal the total of the 1972-73 year—about 13.5 billion pounds.

EC Levies Increased on Some Poultry Products, Decreased on Others

Effective April 14, the European Community supplementary levy was increased on turkey halves and quarters, turkey breasts, and albumen, and decreased on boned poultry and dried egg yolks. On the basis of the current exchange rate, the new West German levies on these products in cents per pound (with previous levies in parentheses) are: Turkey halves and quarters, 18.4 (3.1); turkey breasts, 42.9 (21.4); boned poultry, 42.9 (55.1); dried egg yolks, 18.4 (24.5); dried albumen, 30.6 (18.4); and other albumen 6.1 (0).

The new levies in relation to U.S. prices offered in Hamburg on April 14 represent 56 percent of the price of breasts and 38 percent of the price of turkey rolls (60 percent white and 40 percent dark meat).

SUGAR AND TROPICAL PRODUCTS

Bad Weather Reducing Pakistani Cane Crop

Unfavorable weather, mostly a lack of rain, has reduced cane sugar crop prospects in Pakistan. Cane sugar accounts for about 95 percent of Pakistani sugar production, and beets for 5 percent. Total sugar production for 1974-75 may be down about 100,000 tons from the 636,000 metric tons (raw value) produced for 1973-74.

In order to avoid high priced imports monthly sugar rations for Pakistanis have been reduced, and on April 7 the price to consumers increased from 17.67 cents per pound to 20.2 cents. There may be spot shortages during 1975-76 but the price increase announcement made clear that the Government does not intend to import sugar.

Brazil Sells Refined Sugar To the United States

Brazil recently sold, for the first time, 10,000 metric tons of refined sugar to the United States. The sugar is from the State of Pernambuco (in the northeast) and the f.o.b. price was $780 per metric ton (35.38 cents per pound).

Brazil was one of the largest suppliers of sugar to the United States under the Sugar Act which expired on December 31, 1974. Under the Act, however, Brazil could only supply raw sugar and not refined. The U.S. global, first-come, first-serve quota established by Presidential Proclamation now permits imports of both raw and refined sugar.

Cocoa Bean Grindings Down Sharply

Reflecting high cocoa and sugar prices and generally poor economic conditions, cocoa bean grindings by most major consuming countries were sharply lower during the first quarter of 1975.

U.S. grindings during the first quarter of 1975 totaled only 96.4 million pounds (43,727 metric tons), off 35.3 percent from the corresponding 1974 period when grindings were 149 million pounds (67,586 tons).

With the exception of West Germany, European first quarter grindings were also off sharply. The U.K. grind amounted to 20,218 metric tons, down 27.1 percent from the first-quarter 1974 grind of 27,737 tons. French first-quarter grindings were reported at 9,200 tons, compared with the 11,055 of a year earlier, representing a decline of 16.8 percent. The Netherlands grind was 33,270 tons, down slightly from 1974 first-quarter grind of 33,430.

West German first-quarter grind was up by 8 percent to 40,088 tons from the 37,104 of a year earlier. However, much of the increase was attributed to the additional activity of a chocolate manufacturer, who was not operating during the first quarter of 1974.

United States Proposes New Coffee Agreement

The United States presented a proposal for a new International Coffee Agreement to the International Coffee Organization on April 15. It called for a fixed-country share applying to 80 percent of the global annual export quota. The other 20 percent would be a variable share based on stock levels of exporting countries. An International Guaranty Stock to be built up over a 3-year period and held in producing countries was also proposed.

A negotiating conference for a new Agreement is scheduled for June 24-July 11 in London. In addition to the U.S. proposal, a plan submitted by Brazil and Colombia also will be considered.

The present International Coffee Agreement (without economic provisions since September 30, 1973) is being extended by protocol for 1 year, until September 30, 1976.

LIVESTOCK AND PRODUCTS

EC Raises Beef Exemption Weights

The European Community Commission has raised the maximum weight of exemptions from the processed beef import embargo on beef products in sealed containers. The new exemption, which became effective April 7, allows beef products in containers of 5 kilograms or less and cooked frozen beef in containers of 7 kg or less to be imported. Previously only products in containers not more than 3 kg in net weight were permitted entry.

French Beef, Pork Output Surging, Veal Falters

In the first 2 months of 1975, French beef production totaled 241.133 metric tons, a 17 percent increase over the 206.322-ton output for the same period last year. Veal production was down slightly to 48,087 metric tons from 48,792.

Beef slaughter weights, however, are down sharply. In the month of February, the average carcass weight for all beef cattle was down 3.5 percent or 24 pounds from last year's level, an even greater decline than the 22-pound dip registered in January.

Beef prices have increased sharply because of higher levels and intervention purchases. In the first 2 months of 1975 estimated consumption was unchanged from that of last year's.

Pork production in January-February was up 8 percent with only a slight decline in carcass weights. Pork consumption increased at a slightly higher rate because of the relatively lower price level. Imports of East European pork are also up, despite higher levies.

In order to reduce the surplus of beef carried over from last year and the growing surpluses from 1975 production, France reportedly will sell 30,000 metric tons of intervention beef to the USSR. East European beef that is normally shipped to the EC is reportedly also being sold to the USSR. The USSR could be buying beef because of low prices and a desire to increase domestic livestock numbers.

Ireland Limiting Intervention Sales of Beef

Cattlemen in Ireland are expecting a decline in beef sold to EC intervention as a result of limitations placed on intervention sales by the Irish Department of Agriculture on April 20. Intervention sales by export meat plants are now limited to 50 percent of their kill in each category of steer, heifer, and cow beef.

The current prime beef market price of 94 cents per pound is nearly equal to the intervention price of 97 cents. The Irish Government feels that the intervention price is to competitive with the market price and is reducing commercial sales. The Government limit placed on intervention sales is expected to reduce the price paid to the Irish farmer in the short term.

In the long term, the Irish hope that cattle prices in the United Kingdom will decline so that export subsidies granted Ireland will be increased. This will allow the export slaughter plants to increase profit margins.

This may not happen. Slaughter of steers and heifers in the United Kingdom from December 1, 1974, to March 22, 1975, was 45 percent above year-earlier levels. The total supply of slaughter cattle, as of the end of March, was down 10 percent.

Cattle prices in the United Kingdom are now near intervention levels. The reduced numbers of slaughter cattle should result in higher price levels in the coming months.

TOBACCO

Tobacco Taxes Jump In United Kingdom

The United Kingdom's new budget announced April 15, raises all tobacco taxes by $4.84 per pound. This 36 percent increase puts the total revenue and protective duty charges on the great part of imported U.S. leaf at about $18.18 per pound plus 8.4 percent ad valorem. The rates are slightly less for leaf from preference sources. Protective duty charges were not changed, nor was the value-added-tax on manufactured products.

Retail prices will soar about 17 cents per pack of 20 standard size cigarettes; smaller, cheaper brands will go up 13 cents; and king size by 24 cents. Thus, king-size filter tip cigarettes will now retail for nearly $1.10 per pack as a result of the tax increases.

The higher taxes are bound to affect consumption and thus demand for raw leaf. The tax hike may accelerate U.K. manufacturers' switch to cheaper leaf supplies and could intensify their interest in synthetic tobacco substitutes that they have been test-marketing for some time.

The United States is Britain's major tobacco supplier. U.S. exports in 1974 were 94.3 million pounds, worth $136.2 million. U.S. tobacco is the most expensive among British tobacco imports.

COTTON

More CCC Credit Set For Korean Cotton Orders

Despite the emergence of hopeful signs in some countries recently, no immediate significant relief from the world textile recession is in sight, and large quantities of U.S. cotton bought forward have been in jeopardy, particularly cotton ordered by Korea, Taiwan, the Philippines, and Thailand.

Under an agreement announced April 28, 1975, however, total financing of Korean contracts to buy U.S. cotton under the Commodity Credit Corporation credit program is being increased to $175 million from the $60 million agreed upon last year.

Total sales of cotton to Korea for delivery during marketing year 1974-75 are nearly $300 million. The balance will be purchased for cash or under private financing.

The Government of the Republic of Korea provided written assurances that all financing would be repaid and that all outstanding 1974-75 cotton contracts with a sale date prior to August 1, 1974, would be honored. This represents approximately 560,000 bales of the total 649,300 bales outstanding as of April 16.

A technical team from the U.S. Departments of Agriculture and State is meeting in these countries April 19-May 12 to develop implementation procedures for maximizing use of proposed Commodity Credit Corporation credit in meeting contracting problems in Taiwan and Korea, and to develop recommendations for dealing with the problem in the Philippines and Thailand.

As of April 16, letters of credit were overdue on 870,000 bales from total forward contracts through July 31 of 1.271 million bales. The percentage of past due sales to total outstanding sales increased from 60 percent in mid-March to 68 percent on April 16. Details for each market as of April 16 are:

Country	Past due sales	Outstanding sales	Past due to total outstanding
	Bales	*Bales*	*Percent*
Korea	470,606	649,300	72.5
Taiwan	251,053	408,100	61.5
Philippines	83,135	107,700	77.2
Thailand	65,100	106,200	61.3
Total	869,894	1,271,300	68.4

GENERAL

No Progress in MTN Agriculture Group

The Multilateral Trade Negotiations' (MTN) Agriculture Group met April 15-16 but was unable to resolve the problems that arose at its earlier meeting in March. The meeting was recessed and scheduled to reconvene on May 7 or 8. The European Community wants bilateral talks to take place before that time. The Community now insists on the exclusive and autonomous role of the Agriculture Group with regard to all aspects of the negotiations as they pertain to agricultural commodities.

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FOREIGN AGRICULTURE

First U.S. Food Sales Team to Mideast Judged Success

Five enterprising U.S. food industry executives—members of the first U.S. food sales team to the Mideast—have returned with nearly $2 million in signed contracts and prospects that could lead to another $1.5 million in sales by year-end. Targeting on major commercial centers in Saudi Arabia, Kuwait, and Bahrain, the team spent 3 weeks in February and March exhibiting and selling processed U.S. food products to potential buyers in these prosperous, but highly competitive markets.

U.S. food industry representatives that participated in the tour were Percy A. Rideout, California Valley Exports; Antonio Teijeiro, Cadur Trading Corporation; Charles T. Bartholomew, Timberline International, Inc.; Peter J. T. Nelsen, Atland Corporation; and Joe Manaster, J. Manaster Company. Project leader was Daniel Sheppard of FAS and escort officer was John Glatt, representing the National Association of State Departments of Agriculture. Although the team was sponsored by FAS, industry representatives traveled at their own expense.

The U.S. food products exhibited by the team that proved to be sales leaders included refined vegetable oils, canned mixed fruit and peaches, rice, citrus and apple juices, dried peas and lentils, hot sauce, canned vegetables, and frozen turkey products. Further, team members were able to finalize, or are in the process of making, a total of eight agency arrangements for the import and distribution of their products in these markets.

As expected, the Saudis were the biggest takers, buying more than $1.5 million worth of the products offered. Direct sales in Kuwait totaled $112,000, with importers in Bahrain buying products worth $136,000. Contracts made by team members, however, could boost sales to Kuwait in 1975 by another $300,000 and to Bahrain by $400,000, while Saudi Arabians could take products worth an additional $800,000.

Held in major cities, the 3-day exhibits, featuring products displays and samples, were judged to be effective in promoting sales. Each participating firm made onfloor sales at the exhibits, which featured samples of a number of U.S. foods. Local business leaders and food industry representatives sampled U.S. smoked turkey, and turkey products, crepes filled with turkey and apples, cooked peas and lentils, canned peaches, citrus juices, and pasta products.

At Bahrain reception (l. to r.) Joe Manaster, Chicago, Ill.; Ram Narain, Bahrain merchant, and Youset M. Saleh, Chamber of Commerce director. In background, U.S. Ambassador Joseph Twinam.

In Kuwait, however, individual trade meetings were arranged by the project leader for each team member, and numerous sales were completed.

Receptions were held in Jidda and Al Khobar, Saudi Arabia, as well as in Bahrain and Kuwait, to allow the U.S. industry representatives to meet and discuss market opportunities with local traders, importers, supermarket owners, caterers, and Government and banking personnel. In Bahrain, merchants came from neighboring countries of Qatar and Dubai to attend the reception. Where language barriers presented a problem, U.S. embassy personnel acted as interpreters.

Although there are no plans to repeat the Mideast food sales tour in the near future, interest in importing U.S. food products is substantial. Two supermarket owners—one in Al Khobar, Saudi Arabia, and another in Bahrain—for example, have requested instore promotions. They have agreed to purchase 10 additional product lines of U.S. foods—above their normal purchases.

In a further attempt to maximize U.S. sales to the Mideast, a solo U.S. food exhibit is now planned for May 1976 in Beirut, Lebanon.

—By Daniel Sheppard, FAS